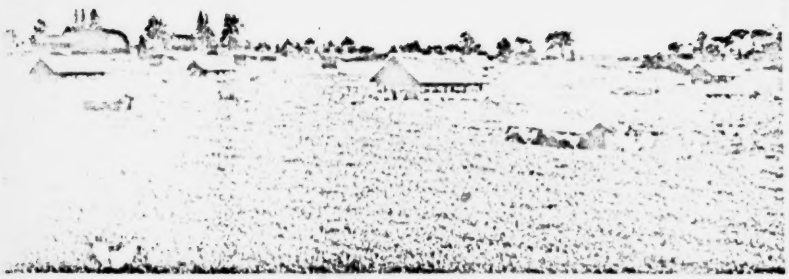


Monthly Review

Federal Reserve Bank
of Boston

HOME ON THE RANGE (*Courtesy of Cooperative Grange League Federation*)

A REPORT ON

# New England Agriculture

NEW ENGLAND FARMS decreased in number from 150,311 in 1945 to 103,168 in 1950, a drop of 31 per cent, according to a recent United States Census Bureau report.

Does that mean that over 47,000 New England farms were consolidated or abandoned? It does not. It is true that from 1945 to 1950 some farms were consolidated, and close to urban centers many farms were subdivided for residential purposes, but by far the largest part of the reduction resulted from a changed census definition.

The new census decreased previous figures which have always included many rural residences as operating farms, not only in New England, but in the nation. The 1945 Census counted as farms all units of three acres or more, providing some agricultural products were produced, although none needed to be sold; units of less than three acres qualified as farms if the owners produced farm commodities valued at $250 or more.

The 1950 Census did not count as farms any units which were solely rural residences. To qualify as farms, units of three acres or more in 1949 had to produce farm commodities, exclusive of the home garden, valued at $150 or more; units of less than three acres counted as farms if the owners in 1949 sold farm commodities valued at $150 or more. Not a severe tightening in the definition, certainly, but when one recalls that the 1945 Census reported 40 per cent of the farms in New England produced an average value of $281 of farm commodities in 1944, it becomes apparent how even a nominal tightening in the definition of a farm may cause a significant drop in the number of farms.

### *Agricultural Pattern Changes*

New England agriculture has not remained static. Evolution and adjustment have changed its character. The relative importance of commodities produced on New England farms has shifted noticeably in the last generation. Take poultry as a specific example:

In 1949, income from poultry represented 27 per cent of the income from all New England farm marketings. Twenty-five years earlier poultry income was only 13 per cent of the total. The expansion of the poultry industry is one of the major shifts in New England agriculture, and poultry production is now a close second to dairying as the major source of income for New England farmers.

The superlative quality of poultry-breeding stock is a dominant characteristic of the poultry industry in New England. It has lifted egg production per bird to the highest level in the nation, and the efficiencies which result from that high average production, plus excellent nearby markets, are major reasons why the industry has successfully met competition from outside areas.

### *Rise of Broiler Production*

About 25 to 30 years ago New Hampshire poultrymen saw an opportunity to enter what seemed like a challenging new industry — the production of broilers. With counsel and encouragement from the state college, but primarily as an industry venture, some of the leading poultrymen started to breed chicks for early maturity and rapid gains, qualities associated with the desirable broiler type. Other poultrymen followed, and over the years a new breed emerged, now the most common single breed in America, the "New Hampshire"!

At first New England poultrymen were content to emphasize the breeding phase of the broiler industry. They surpassed the efforts of poultrymen in other regions in production of high-quality hatching eggs and received premium prices. The hatching of the eggs and the actual growing of chicks on a production-line basis gravitated first to Delaware and to the eastern shore of Maryland and later to Georgia, Arkansas, the Shenandoah Valley, and other areas.

Inevitably, New England "know how" has spread, and other regions close to the broiler areas are developing hatching-egg industries of their own. So far the competition has not hurt very much because the broiler business has expanded phenomenally, and hatching eggs of good quality have usually found a ready market.

With the knowledge that they will not always enjoy this favorable market for their eggs, New England

poultrymen have more recently spent more time and effort in developing a broiler industry of their own. Eastern Massachusetts, parts of New Hampshire, and particularly eastern Connecticut and the Belfast area of Maine are making notable strides in that direction.

The Belfast area affords an interesting illustration of the rapid growth of the industry. Its roots go back to the late 1930's, but most of the growth has come since 1946. One competent authority estimates production of about 300,000 birds annually for 1935-39, about 1,000,000 for 1941-45, about 14,000,000 for 1950, and 16,000,000 for 1951! Although not as striking, the growth of the broiler industry in New England is nonetheless notable: from 9,320,000 in 1940 to 46,825,000 in 1950, according to the Bureau of Agricultural Economics.

Markets for hatching eggs outside New England are highly competitive. Producers in other areas seem to be more willing to accept a smaller premium for their eggs than the amount which New England poultrymen, with their long experience, have requested to meet the additional costs. New England's sales in the future may suffer. Consequently, the average hatching-egg producers with outlets outside New England seem less well entrenched than do commerical egg producers.

### *Feed Grains Vital Raw Material*

In a sense, New England poultrymen are manufacturers, with feed grains their vital raw material and with almost complete dependence upon the Midwest for that raw material. The supply of feed grains available to New England's poultrymen is closely linked with price relationships between feed grains and meat animals.

When Corn Belt farmers find it more profitable to feed their corn to hogs rather than to sell it as grain, supplies of corn available for New England shrink. On the contrary, when it is more profitable for Corn Belt farmers to sell the corn as grain, New England can bid more successfully for the grain.

A somewhat disturbing undertone at present is the shift from a surplus feed grain situation as of pre-Korea to at least the beginning of a shortage today. Since the fall and winter of 1950, the livestock on the nation's farms have been consuming corn at the rate of 3.5 billion bushels annually, although only once in the nation's history have we produced a crop of that size. Because of the previous large inventory, no acute shortages are foreseen for 1951, but a poor corn crop in 1951 would cause critical shortages in 1952.

While New England does produce some small grains, climate and markets make it more profitable to concentrate production efforts in the dairy, poultry, and fresh fruit and vegetable fields, even though these enterprises require more man-hours of labor.

### *Man-Hour Production Requirements*

Agricultural output per man-hour is lower in New England than in the nation, but it does not therefore follow that New England agriculture is inefficient. The enterprises where mechanization is feasible, notably wheat and corn production, have benefited from striking reductions in man-hour production requirements. Thus, comparing 1910-14 with 1945-48, man-hours required to produce 100 bushels of corn fell from 135 to 67; for the same period, man-hours required to produce 100 bushels of wheat fell from 106 to 34.

Production of wheat and corn in New England has little importance. Approximately 56 per cent of the total income from farm marketings comes from poultry and dairying. Over the years man-hour production requirements for milk and eggs have declined, but not nearly to the degree as for corn and wheat. Again comparing 1910-14 with 1945-48, man-hours required to produce a hundredweight of milk dropped from 3.8 to 2.7; for the same period, man-hours required to produce 100 eggs decreased from 2.0 to 1.3.

The man-hour requirement figures cited above apply to the nation, but they indicate that the failure of New England farmers to reduce man-hour production requirements over the years, more than they have, depended on the type of commodities which they produce, rather than on inherent inefficiencies of the farmers themselves. Indeed, available data indicate that New England obtains more eggs per man-hour of labor expended than any other geographical region in the nation. The same claim cannot be made for milk production, but even though New England cannot claim first place, it rates just a trifle better than the national average in milk production per man-hour.

Although New England farmers have not made the strides in reducing man-hour requirements in milk production, they have adapted new techniques which tend to make it possible for them to meet competition from other areas.

One of these new techniques which is being used

**PRODUCTION OF MILK AND MAN-HOUR REQUIREMENTS BY GEOGRAPHIC AREAS — ANNUAL AVERAGES, 1943-1945**

| Geographic Areas | Man-Hour Requirements Per Cow | Milk Production Per Cow | |
|---|---|---|---|
| | | Amount Produced (pounds) | Produced Per Man-Hour (pounds) |
| Pacific | 141 | 6,516 | 46 |
| Middle Atlantic | 141 | 5,743 | 41 |
| East North Central | 140 | 5,358 | 38 |
| Mountain | 143 | 5,076 | 35 |
| NEW ENGLAND | 157 | 5,488 | 35 |
| West North Central | 135 | 4,464 | 33 |
| South Atlantic | 138 | 3,812 | 28 |
| East South Central | 127 | 3,305 | 26 |
| West South Central | 123 | 3,027 | 25 |
| UNITED STATES | 136 | 4,659 | 34 |

Source: Adapted from *Gains in Productivity of Farm Labor* — Technical Bulletin 1020, U. S. Department of Agriculture.

**PRODUCTION OF EGGS AND MAN-HOUR REQUIREMENTS BY GEOGRAPHIC AREAS — ANNUAL AVERAGES, 1943-1945**

| Geographic Areas | Man-Hour Requirements Per 100 Hens | Egg Production Per Hen | |
|---|---|---|---|
| | | Amount Produced (number) | Produced Per Man-Hour (number) |
| NEW ENGLAND | 162 | 153 | 94 |
| Pacific | 158 | 137 | 87 |
| Middle Atlantic | 167 | 128 | 77 |
| East North Central | 168 | 121 | 72 |
| West North Central | 162 | 114 | 71 |
| Mountain | 166 | 116 | 70 |
| West South Central | 145 | 97 | 67 |
| South Atlantic | 161 | 97 | 60 |
| East South Central | 163 | 91 | 56 |
| UNITED STATES | 161 | 114 | 71 |

Source: Adapted from *Gains in Productivity of Farm Labor* — Technical Bulletin 1020, U. S. Department of Agriculture.

widely in the New England dairy industry is artificial insemination. In 1950 about 130,000 cows, or 17.5 per cent of all cows and heifers kept for milk in New England, were bred artificially, compared with almost 2,620,000 cows, or 10.7 per cent, in the nation as a whole.

Each of the New England states has an artificial breeding association, but only one started operating before 1945. When one considers the time lag that usually occurs in the adoption of newer techniques, the rapid growth of this one is all the more noteworthy.

Artificial insemination has the primary goal of enabling dairymen to breed their cows to better bulls than they otherwise could. By use of artificial insemination, it is possible to breed a bull to as many as 5,000 cows a year. Thus, it is possible for a group of dairymen to own jointly a bull of a quality far superior to what they could afford individually.

The belief that all high-producing cows will transmit to their sons the ability to sire high-producing daughters is one of the fallacies in breeding dairy cattle. It does not necessarily happen, as many a dairyman has found to his disappointment. While a good pedigree has merit, the really important yardstick by which to evaluate a bull is how the type and production of his daughters compare with the type and production of the cows to which he was bred.

What dairymen want, of course, are bulls to sire daughters that under the same conditions will outproduce their dams. Any such measurements, however, are only rough indicators of transmitting qualities and must not be accepted without close scrutiny. Dams and daughters must have had equally good feed and management for the intervals during which their production records are compared, otherwise the value of the comparison suffers.

The continued use of bulls that have proved their ability to sire high-production daughters is one of the most feasible means of increasing average production. Artificial breeding is still in the preliminary stages of development. The milk production of cows artificially sired compared with that of their dams is not easy to compile. The relatively small number of dairymen who keep such records and the difficulty of getting dam-daughter comparisons add to the woes of those seeking comparative figures.

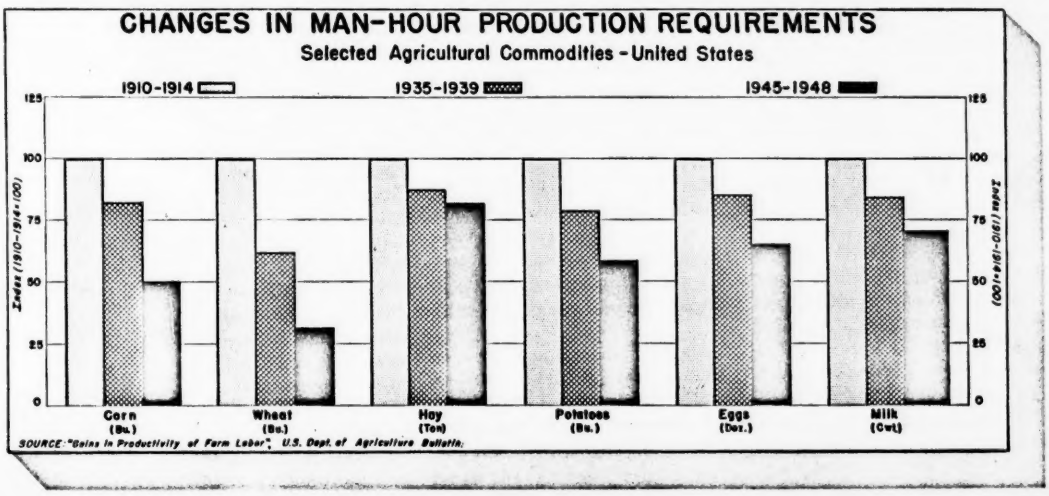
The Massachusetts Artificial Breeders' Association reports that 51 cows artificially sired had an average production of 11,312 pounds of milk and 440 pounds of butterfat in a year, compared with 10,326 and 388 for their dams, or an average gain of 936 pounds of milk and 52 pounds of butterfat in favor of the daughters. This comparison involved 30 different herds so that conditions varied enough to give a representative sample. It is all evidence of the potential that artificial breeding has in increasing milk production of dairy cows not only in Massachusetts, but in the nation as a whole.

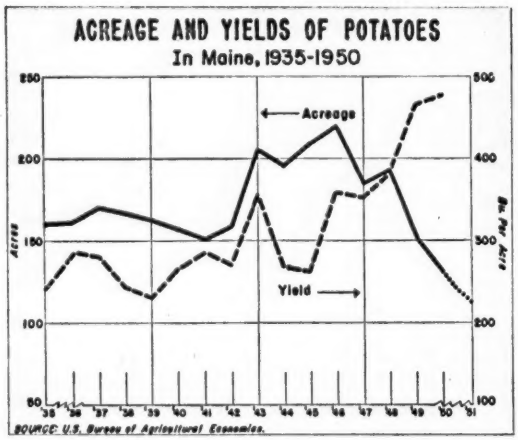
**While artificial insemination is one of the newer techniques which tend to increase milk production per cow, there is a new development in the milk industry that may well prove to help in increasing the consumption of milk. Concentrated milk offers possible efficiencies in marketing which will probably lower the retail price of milk so that many urban families can increase consumption in the future.**

### *Concentrated Milk Market Expands*

Concentrated milk, which has long been produced for commercial ice cream and candy manufacturers, was introduced into New England retail trade in the Boston market on March 1. It is essentially fresh milk reduced to one-third its original volume by the removal of water in the presence of a vacuum at a low temperature. It is then homogenized and fortified with Vitamin D. To reconstitute it the consumer adds two parts of water to one part concentrate and obtains fluid milk without the caramelized taste that is characteristic of evaporated milk. When one part water is added, it makes a very rich milk for cereal and puddings; full strength, it is a substitute for coffee cream.

At present, retail chain stores sell concentrated milk for 57 cents a quart, or 19 cents for each part of reconstituted milk. A consumer who purchases homogenized Vitamin D fortified milk in a retail chain store can save 2½ to 3½ cents per quart by purchasing the concentrate. One who ordinarily buys regular milk can save 1½ to 2½ cents. If a consumer is willing to give up






the home delivery service of a routeman, he can save five or six cents a quart. Whether this is enough of a price spread to cause a major shift in consumption habits is not yet apparent.

Furthermore, concentrated milk offers an additional advantage that may cause some consumers to switch from fluid milk to concentrated milk. It requires less refrigerator space for storage. This is an advantage many housewives like, especially if they have large families. People who buy milk in stores find it easier to carry one quart of concentrated milk rather than three quarts of fluid milk. It will be some time before consumer acceptance will indicate the strength of concentrated milk as a new product.

### *Future of Concentrated Milk*

Consumer acceptance of the new product and the willingness of producers, distributors, and consumers to share the savings equitably will determine the ultimate effect of concentrated milk upon New England agriculture and milk consumption.

The consumer wants a stable supply of high-quality milk. While the consumer must pay enough for milk to provide distributors and producers with a fair profit, he wants to pay a price no higher than necessary. Concentrated milk offers the opportunity for certain efficiencies in marketing. If the savings that are realized from these efficiencies are distributed fairly to consumer, producer, and distributor, the consumer's prices will be lower and he will probably increase his consumption; the distributor will have a volume large enough to run his plant more efficiently; and the increased demand for milk will give the farmer a larger market for his milk.

While concentrated milk emphasizes new marketing techniques, the New England Green Pastures Program stresses lowered milk-production costs and utilization of New England's own soil and climate resources for pasture and forage production. The program started in New Hampshire in 1947, spread throughout New England in 1948, and since then has had a notably fine influence in gaining adoption of sound pasture, hay, and ensilage production practices by New England dairymen. The program is an educational one, but has some competitive features which help give it publicity value.

One of the great problems in agricultural extension work is the time lag which separates the discovery of better practices and the adoption of those practices by the rank and file of dairymen. The publicity which goes with the Green Pastures Program has been helpful in shortening that time lag. As New England dairymen develop better pastures and better winter roughage, their cheapest sources of feed, they will be better able to cope with any grain shortages which may arise, as well as to reduce production costs.

Agriculture has made tremendous strides in adopting new techniques which increase production; unfortunately, in some New England-produced commodities, apples and potatoes particularly, either a decline in per capita consumption, favorable weather, or improved techniques have created surplus problems for which no quick solution is in sight.

Farmers recognize that the region of which they are a part is engaged in inter-regional commodity competition; not all of them realize that the individual farmers within any given region are competing one with another. Such is the case, though, and in a time of adjustment high-cost operators, or men with lower-yielding land, or men in a weak financial position, will have severe competition from farmers in their own locality.

Potato growers, particularly those in Maine, probably face the most difficult adjustments as a group of any farmers in New England. Income from Maine farm marketings fell 16 per cent from 1949 to 1950, the largest decrease of any state, due primarily to a decrease in income from sale of potatoes. The decrease in income probably also accounts for Maine showing the only decrease in land values of the 48 states from March 1950 to March 1951, a decrease of five per cent compared with an increase for the nation of 14 per cent.

Maine has received much unfavorable publicity due to the large quantities of potatoes bought by the Government to support potato prices in the nation. The reason why the Government bought so many potatoes in Maine was not because the entire surplus was raised in Maine but because the Government could buy a huge volume of potatoes in a concentrated area. The concentrated buying program resulted in more than adverse publicity; more important, the potatoes which were diverted into surplus were not available for sale to long-established customers, many of whom have now turned for their supplies to other areas. It may be difficult for Maine to win back those customers.

The peak potato acreage in Maine was 219,000 acres in 1946. By 1950 the acreage had dropped to 130,000 acres, and a March 1, 1951 survey of planting intentions made by the Bureau of Agricultural Economics indicates a probable cut of 18,000 acres below 1950, or a 49 per cent drop from the peak. Any shift of this magnitude out of potatoes calls for many adjustments. A simple and logical one is an increase in the acreage of oats. Dairying is expanding significantly in southern Aroostook, and there, too, the shift is logical, but the process more difficult. It requires new "know how," remodeling of barns, new milk houses, new equipment, and in some cases additional credit, the latter not always easy to get. Aroostook County has considerable promise as a dairying and livestock area, but it is struggling with high real estate taxes which in a time

of adjustment are hard for farmers to pay. No one, however, should sell the county short. It may have some difficult adjustments to make, but it is one of the finest agricultural areas in New England and an increasing population has need of its food-producing potential.

No report on New England agriculture would be complete without reference to the contributions made through research by the agricultural experiment stations. It is true that industry dwarfs agriculture in New England and that net income arising from agriculture is only about three per cent of the region's total. Nevertheless, the subordinate position of New England's agriculture has no relation to the striking achievements of her agricultural scientists.

### *Outstanding Research Contributions*

In the closing years of the nineteenth century, the Rhode Island Station first demonstrated the prevalence of an injurious amount of acidity in upland and mineral soils and the value of lime in correcting it. In 1948 alone American farmers used about 24 million tons, while according to records starting in 1911 approximately 259 million tons of lime have been used on farms. Estimates indicate an added net profit from the use of lime to be about 60 million dollars in 1948.

Agricultural research workers generally acknowledge that the development of hybrid corn has had the greatest economic influence of any single piece of agricultural research in America. The basic research was done at the Connecticut Agricultural Experiment Station at New Haven, and its effect was to permit a 20 per cent increase in corn production on the same acreage.

The significance of that is summed up in the statement that the added value of last year's corn crop which can be credited to the use of hybrid corn was more than 30 times the entire cost of operating all of the nation's agricultural experiment stations for the past fiscal year. During the critical war years 1941-45, the nation had the equivalent of an additional year's corn crop, just from the use of hybrid seed.

New England farmers use hybrid corn seed for planting an ensilage crop, but they grow relatively little corn for grain. Nevertheless, they benefit greatly from the development of hybrid corn because they are heavy users of corn as a grain and its increased production of corn has permitted expansion of New England dairying and poultry enterprises.

Another piece of work associated with corn was the so-called high-energy broiler ration developed at the Storrs Agricultural Experiment Station in Connecticut. This ration, with its heavy dependence upon corn, increases feed efficiency fully 20 to 25 per cent. Thus, the target of a three-pound broiler produced in three months' time from nine pounds of grain has become an attainable goal. The ration has met hearty acceptance, and poultrymen feed fully one million tons of the high-energy ration annually.

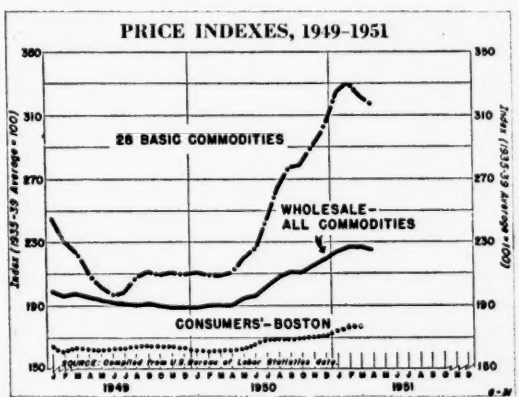
We single out these particular pieces of research only because they are dramatic, and their economic import is more measurable than others. All stations in New England have broadened the horizon of agricultural knowledge, however, and their achievements have contributed new efficiencies and new techniques in plant and animal production.

## PRICE NEWS—

WHOLESALE PRICES started to recede recently after fluctuating within a narrow range during the early spring. In late March the weekly wholesale price index of the Bureau of Labor Statistics reached a post-Korean high at 228 per cent of the 1935-39 average. By early May the level of wholesale prices was slightly lower, and each of the major component groups with the exception of foods had apparently passed its current high point. Wholesale food prices, including the meat component, were about 17 per cent above pre-Korea levels. Prices of textile products, up 35 per cent, had jumped the most, while chemicals and allied products were close behind with a 26 per cent increase. The prices of fuel and lighting materials were the most inflexible and eased upward only four per cent.

Spot prices of sensitive commodities in the primary markets, which reached their peak in February, were about five per cent lower in early May. The 28-commodity index of the B. L. S. stood at 312 (1935-39 = 100) on May 4, a level 46 per cent higher than it was a year ago. The foodstuffs component of the index reached its peak along with the general index in February and has since dropped four per cent. Barley, hogs, and lard registered the greatest percentage declines, and only sugar continued to advance. Raw industrial commodities reached their price peak shortly before the "freeze" in January, and had dropped over six per cent by early May. Tin registered the greatest decline, closely followed by hides, print cloth, and silk. Rubber was about eight per cent cheaper, and the price of wool tops had declined almost five per cent.

Retail prices traditionally lag behind wholesale prices. The Boston consumers' price index stabilized in March and April at a level about six per cent higher than in mid-June of 1950.




**Price Indexes (1935-39 = 100)**

| | 28 Basic Commodities | | Wholesale, All Commodities | | Consumers', Boston* | |
|---|---|---|---|---|---|---|
| | March | April | March | April | March | April |
| 1951 | 321.9 | 315.5 | 228.4 | 227.5 | 176.4 | 176.1 |
| 1950 | 208.2 | 209.6 | 189.3 | 189.8 | 162.0 | 162.3 |

*Old series.
Source: Compiled from B. L. S. data.

*Monthly Review*
FEDERAL RESERVE BANK OF BOSTON

# The Belfast Industrial Building Association

*(Fifth in a series of articles describing individual community industrial-development programs in New England.)*

DURING WORLD WAR II many of the young men of Belfast, Maine, saw what communities in other sections of the country were doing to develop themselves industrially. After the war, they returned to Belfast determined to promote the industrial growth of their community of 5,500 persons.

New ideas often encounter opposition, and a plan for the expansion of manufacturing activity in Belfast did not receive the backing of everyone in the community. But when the largest local employer, a shoe company, began laying off large numbers of workers in 1948, the group that favored bringing new manufacturers into Belfast put more pressure behind its drive. The disagreement between the two groups came to a head in the municipal election of 1948. The veterans' group, which backed a program for industrial development, won.

After the political upheaval, the new administration set out to fulfill its campaign promise of bringing new manufacturers into Belfast. It learned of five men in the shoe industry who were forming a new shoe company, and it invited the concern to locate in Belfast. The existing shoe company threatened to leave if a new shoe manufacturer settled in the community. The city officials wanted the established company to remain in Belfast and told it so. Nevertheless, they went ahead with plans for bringing a new shoe company into the city. They wanted to offset the decline in employment at the older company and relieve the problem of seasonal employment. As a result, the established shoe company moved out of Belfast.

The supporters of industrial development faced a difficult task, because they had to raise capital to achieve their objective, and they controlled only a small portion of the wealth of the community. They set up a nonprofit building corporation to provide money for erecting a factory. The new shoe company had agreed to locate in Belfast if it could obtain a modern plant on a rental basis.

More than 600 individuals and business firms bought shares of the $10 stock in the Belfast Industrial Building Association. Former workers of the shoe company which moved put up some of the money, but local businessmen bought most of the stock. Concerns located outside Belfast which sold their products in Belfast purchased over $20,000 worth of stock. They realized that increased employment in Belfast would benefit them.

The Industrial Building Association raised $71,600 by the stock sale. That sum was $17,000 short of the amount required for construction of the new plant. To provide the additional money, the Industrial Building Association borrowed $17,000 from the new shoe company. The Building Association agreed to use all rent received from the new shoe company to repay the loan before it distributed any rental income to stockholders.

The promotors of industrial development distributed a prospectus to all purchasers of stock in the Building Association so that there would be no misunderstanding. The prospectus stated that the stockholders would receive no direct profit. All they could expect was the return of their money over a period of 30 years. The new shoe company, the Belfast Shoe Company, agreed to pay the Building Association a rental of $3,000 a year until the money advanced by the stockholders had been repaid. After completion of repayment, the Belfast Shoe Company has an option to rent the plant for one dollar a year.

In April 1949, when the money needed to construct the new factory was successfully collected, the Belfast Industrial Building Association broke ground for the new building. Just 53 working days later, in July 1949, the building was completed. The plant is modern in every respect.

The entire $3,000 annual rental which the Belfast Shoe Company pays to the Industrial Building Association will be used to repay the money put up by the stockholders after liquidation of the $17,000 loan. The Belfast Shoe Company is paying all maintenance and repair expenses and will finance any additions itself.

The previous shoe manufacturer employed a maximum of 300 workers on a seasonal basis before moving out of Belfast. The new Belfast Shoe Company provides steady employment for somewhat more than 200 workers. The Belfast Shoe Company has a weekly payroll of about $12,000, which equals or exceeds the weekly payroll of the old company at its peak of employment.

The citizens of Belfast did not cease their efforts to further the industrial development of their community with the addition of the Belfast Shoe Company. They searched for another manufacturer to occupy the building formerly used by the firm which moved. The Belfast Building Company, a nonprofit organization established in 1911, owns the plant. The old shoe company had occupied the building rent-free. In April 1950, the Truitt Brothers Shoe Company moved into the factory. As in the case of the Belfast Shoe Company, local residents helped the concern get established.

While Truitt Brothers did not need a new building, it did need some financial aid to transfer operations to Belfast. To provide that assistance, the Belfast Building Committee raised $24,000 in a public drive. It paid Truitt Brothers $15,000 to cover costs of moving and setting up operations in Belfast, and it used the remainder to make necessary alterations to the building and to repay money borrowed to maintain the factory while it was vacant. Truitt Brothers will maintain the factory inside and out and bear all other expenses. In addition, as an evidence of good faith, it has agreed to repay the money advanced by the Building Committee if it does not operate in Belfast for five years.

Truitt Brothers employs an additional 200 workers, and manufacturing employment in Belfast is now higher than ever before.

# CROSS CURRENTS ROCK BUSINESS

THE NEW ENGLAND business scene during April and early May showed mixed trends which promised to straighten out as the defense program shaped up and began to take hold. Employment and production in the region were high, but there were scattered weaknesses among industries such as jewelry, shoes, and textiles because of dislocations, seasonal dips, and pricing confusion. Manpower and material shortages limited expansion among the thriving durable-goods industries; the defense and "essential" civilian industries looked forward to the early allocations of steel, copper, and aluminum, while producers of "nonessentials" were in a tight spot. Small manufacturers in New England had difficulty securing subcontracts, at times because of the lack of high-speed machinery. Scores of retailers and manufacturers were bogged down in Government forms which were to be the foundation of pricing regulations and allocation of scarce materials.

The leveling-off in the Federal Reserve System's national index of industrial production continued in April. It stood at 222, compared to 222 in March and 221 during the first two months of the year. In New England, statistical indicators suggested a similar leveling-off. Freight carloadings ran about five per cent above year-ago levels during March, compared to a 17 per cent year-to-year increase in January. Electric energy distribution in the region ran well above year-ago levels during the first four months of 1951, but the percentage increases gradually drifted downward. Business failures in District 1 dropped off sharply early in the year and continued at the lower level through March. A larger proportion of firms reported a month-to-month decline in new orders in April than in March, according the The New England Purchasing Agents Association.

April is a key month to measure the level of unemployment, because the "benefit years" in most state unemployment compensation systems start at that time. Workers who had exhausted their benefit rights or had none in the previous benefit year, as well as the newly unemployed, may file new claims. The level of continued claims in New England during April was about 55 per cent lower than in April a year ago.

Although unemployment generally was at a low level in New England, some industries laid off workers in April and early May. Production of low-priced jewelry firms reacted after intensive operations in the first quarter in anticipation of a curtailment on April 30 because of restrictions on materials. The elimination of the deadline brought cancellations and returns, and new orders evaporated. In April the shoe industry entered its seasonal low which was accentuated by disappointing retail sales. Cutbacks affected women's shoe factories, and extended also to men's in spite of their cushion of Government orders.

Most segments of the textile industry were slowing down in early May, and there were closings of woolen mills as well as widespread elimination of the third shift and cutbacks of the workweek in other divisions of the industry. Mills kept producing to hold their work forces, or, in the case of rayon, to maintain their raw material quotas. Long-awaited specific price ceilings for fabrics cleared the way for future planning. Retailers were working off their inventories with the help of specific promotions.

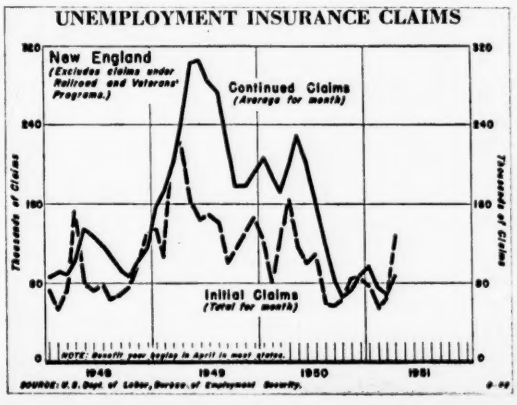
The machine-tool industry turned out a tremendous amount of product in the early spring, but not half of the amount required. The industry reported an 18-month unfilled-order backlog in early May. Expansion in production was hindered by the necessity to scramble for scarce materials, financial difficulties, and the lack of a specific machine-tool price order.

The value of New England construction awards fell below year-ago levels this April for the first time in 1951. Total construction awards were about 34 per cent lower in the April 1-22 period this year than last, according to the F. W. Dodge Corporation. Nonresidential awards were off about 30 per cent and residentials declined 20 per cent, while public works and utilities dropped almost 70 per cent.

### *Increase in Commercial Loans*

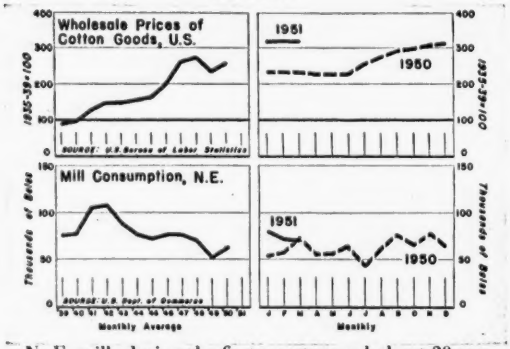
Commercial loans at reporting member banks in District 1 continued to expand in April, but at a slower rate than previously in 1951. Commodity loans turned down seasonally in the spring, while inventory loans declined voluntarily and involuntarily because of forced sales of overstocked merchandise. The voluntary credit restraint program was recently put vigorously into motion, and implemented with committees to assist in judging the validity of loans under its announced principles. Commercial loans at weekly reporting member banks in District 1 stood about 15 per cent higher in early May than at the start of 1951.

There were more people at work this spring than a year ago, and pay envelopes were fatter, but department store sales in New England were disappointing. Dollar sales in the March-April period were about even with those a year ago. On the other hand, the total number of savers and the aggregate volume of deposits was apparently increasing in New England. Total savings on deposit at 78 New England mutual saving banks set a record in March. Withdrawals exceeded new deposits in April, but interest credits increased total deposits to a slightly higher level.



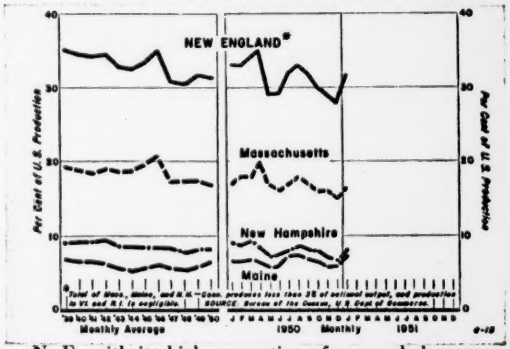
# *Business Conditions*

## COTTON



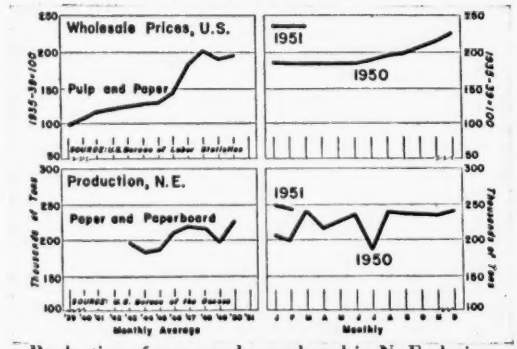

N. E. mills during the first quarter used about 20 per cent more raw cotton in 1951 than in 1950. The year-to-year percentage comparison declined steadily during this period, however, and in March the mills used less cotton than in March 1950.

## N. E.'s SHARE OF U. S. SHOE PRODUCTION



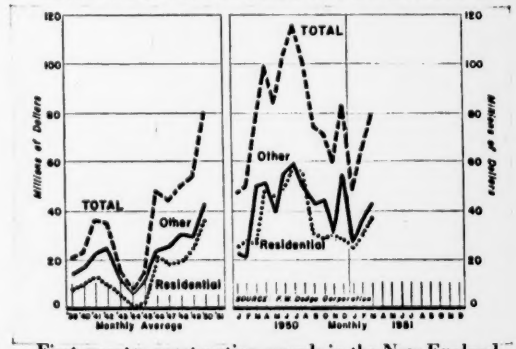

N. E., with its high proportion of seasonal shoe production, increased its relative share of U. S. shoe production between December 1950 and January 1951 as spring shoe runs commenced. Its share in January, however, was 4 per cent lower in 1951 than in 1950.

## PULP AND PAPER



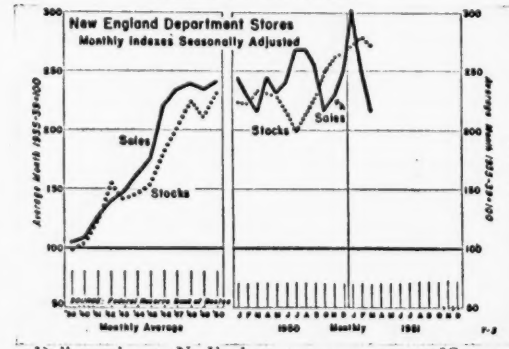

Production of paper and paperboard in N. E. during January and February of 1951 exceeded that in the comparable period of 1950 by 20 per cent. First-quarter wholesale prices of pulp and paper in the U. S. ran about 25 per cent higher than the year-ago level.

## CONSTRUCTION AWARDS IN NEW ENGLAND



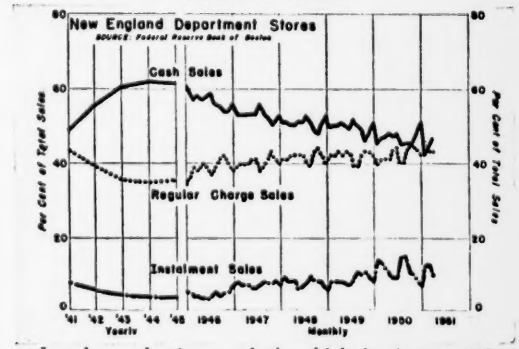

First-quarter construction awards in the New England region totaled $194 million, compared to $171 million during the first three months in 1950. Residential awards and Others registered about equal proportionate gains of 15 and 12 per cent.

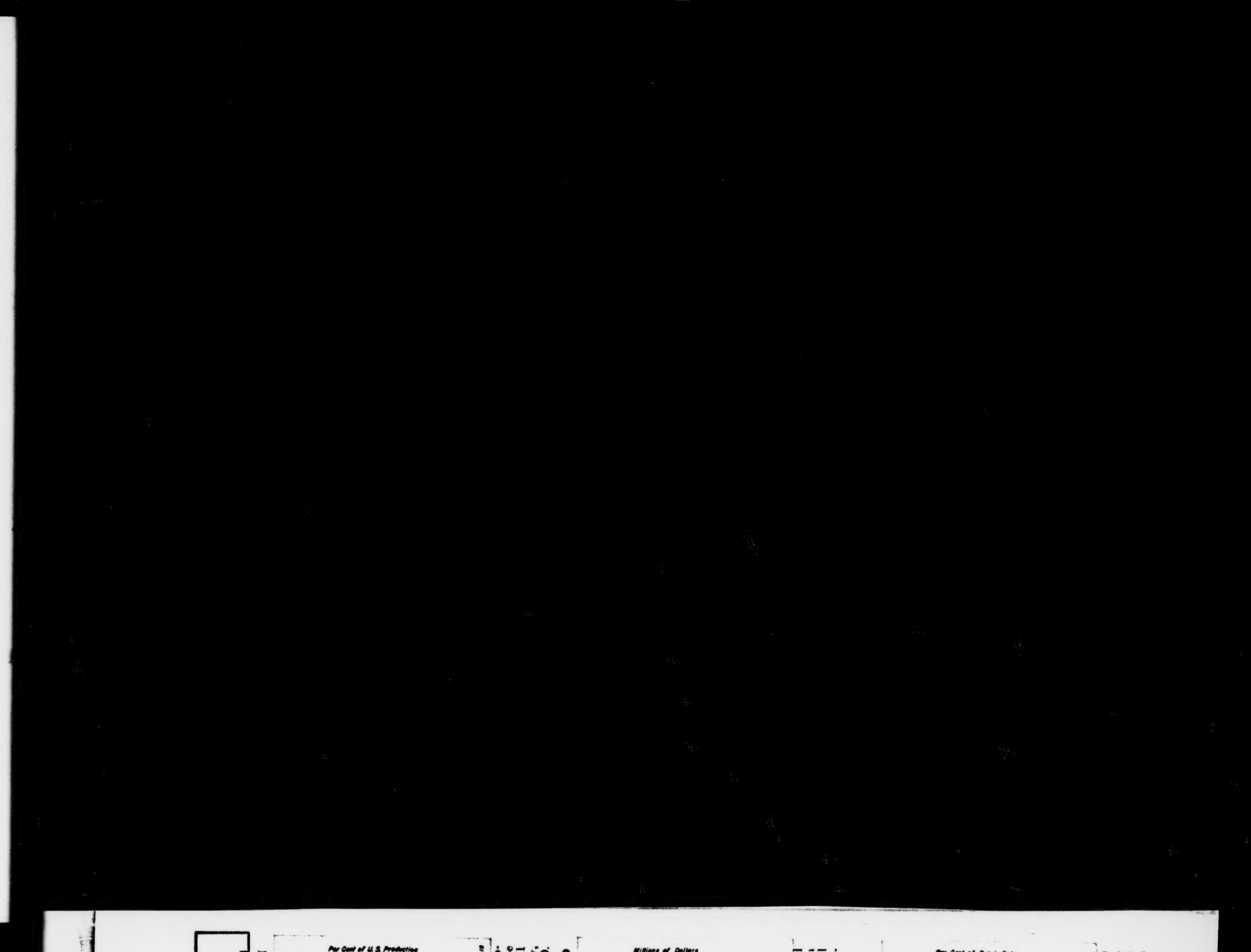
## SALES AND STOCKS




Dollar sales at N. E. department stores ran 17 per cent above year-ago levels in Jan. and Feb., but in March lost some of their upward impetus. Stocks were high in relation to sales, a reflection of forward purchases, quick deliveries, and slowness in sales.

## TYPE OF SALES




Instalment buying reached a high in August 1950 when it accounted for over 15 per cent of dollar sales at N. E. department stores. Since regulation of instalment credit commenced in September, instalment sales have averaged about 10 per cent of total sales.